

**UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
RIGHT-OF-WAY GRANT**

**SERIAL NUMBER CACA-46289**

1. A right-of-way is hereby granted pursuant to Title V of the Federal Land Policy and Management Act of October 21, 1976 (FLPMA), Title 43 of the United States Code (USC), Section 1761, as amended, and the regulations published in Title 43 of the Code of Federal Regulations (CFR) Part 2800 (ROW Grant).
2. Nature of Interest
  - a. By this instrument, the holder (Coso):

Coso Operating Company LLC  
P.O. Box 1690  
Inyokern, CA 93527

receives a right to construct, operate, maintain and terminate the use of a linear area for the purposes of a 20" water pipeline. This water pipeline will be used for purposes of transporting water across the public lands in support of operations of a geothermal well field on withdrawn lands under the jurisdiction of the Department of Navy, China Lake. The public lands involved are described on the attached map (See Exhibit "A") and the following legal description:

State of California  
Mount Diablo Meridian  
County of Inyo

T. 21S. R. 37E.

Section 35: NE1/4NE1/4;  
Section 36: SW1/4NE1/4, NE1/4SE1/4, NW1/4;

T. 21S., R. 38E.

Section 31: Lots 13, 14, 15 and 16;  
Section 32: Lots 1-5;  
Section 33: S1/2, S1/2NE1/4;  
Section 34: SW1/4, SW1/4SE1/4.

- b. The ROW granted herein is a 50 foot wide pipeline easement (25 feet either side of centerline) and 42,240 feet long, and contains 32 acres, more or less.

c. This ROW Grant shall terminate on December 31, 2038, 30 years from its effective date unless it is earlier relinquished, abandoned, terminated or modified in accordance with the terms and conditions set forth herein or with any applicable Federal law, regulation or Bureau of Land Management (BLM) policy. This ROW Grant may be renewed prior to expiration, however; it is the responsibility of the holder to request a renewal of this ROW Grant in the time frames cited within 43 CFR Part 2800.

d. Notwithstanding the expiration of this ROW Grant or any renewal thereof, early relinquishment, abandonment, or termination, the requirements of this ROW Grant, to the extent applicable by its terms and conditions shall be binding on the Holder, its successors, or assigns, until they have fully satisfied the obligations and/or liabilities accrued herein before or on account of the expiration or prior termination of the ROW Grant.

### 3. Rental:

In accordance with Title 43 CFR Section 2806.10, for and in consideration of the rights granted herein, the Holder agrees to pay the BLM fair market value rental as determined by the Authorized Officer based on the linear right-of-way schedule. The Authorized Officer reserves the right under law to adjust, whenever necessary, the fair market value to reflect changes in the fair rental value as determined by the application of sound business management principles, and so far as practicable and feasible, in accordance with comparable commercial practices.

### 4. Terms and Conditions:

- a. This ROW Grant is issued subject to the Holder's compliance with all applicable regulations contained in Title 43 CFR Part 2800.
- b. Upon ROW Grant termination by the Authorized Officer all improvements shall be removed from the public lands within 90 days, or otherwise disposed of as provided in paragraph (4)(e) or as directed by the Authorized Officer.
- c. Termination of the ROW Grant by either the Authorized Officer or Coso will require the necessary environmental clearances and compliance during such activity. This is to include, but not be limited to, removal or, at the election of Holder with respect to all buried segments of the pipeline, abandonment in place of any and all improvements and the reclamation and restoration of the surface to the approximate pre-disturbance condition.
- d. The Authorized Officer may review this ROW Grant instrument at any time during its term, as deemed necessary. This ROW Grant shall, at a minimum, be reviewed by the Authorized Officer in the fourth year to determine if any modifications are required. Every five years thereafter of this authorization, review of the ROW Grant and its purposes will be completed to determine if renewal is in the interest of the public. During such periods of review the Authorized Officer may amend, modify, add or remove stipulations to this ROW Grant in order to ensure compliance with all law, regulation, rule and policy that determines proper management of the public lands.
- e. The Exhibits A (Map); B (BLM Stipulations); and C (Environmental Protection Measures as outlined in Revised Environmental Assessment (EA) EA-650-2005-100) are incorporated into and made part of this Grant instrument as fully and effectively as if they were set forth in their entirety.

- f. Failure of the Holder to comply with any applicable law or any provision of this ROW Grant instrument shall constitute grounds for suspension or termination thereof.

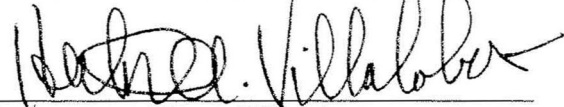
IN WITNESS WHEREOF, the undersigned agrees to the terms and conditions of this ROW Grant.

COSO OPERATING COMPANY LLC

  
By: Chris Ellis  
Title: Plant Manager

7/23/09  
Date

BUREAU OF LAND MANAGEMENT

  
By: Hector Villalobos  
Title: Field Manager

07/23/09  
Effective Date of Grant

**EXHIBIT "B"**  
**BLM STIPULATIONS**

Coso Operating Company LLC (Coso or Holder) shall comply with the following stipulations.

**GENERAL ADMINISTRATIVE**

1. This authorization is issued in full force and effect subject to all valid existing rights as of the effective date.
2. Coso shall comply with all applicable state and federal laws and regulations existing or hereafter enacted or promulgated, including but not limited to the terms and conditions of Inyo County Conditional Use Permit # 2007-03/Coso. Failure of Coso to comply with this or any other provision of this ROW Grant shall constitute grounds for suspension or termination thereof.
3. Coso and their assigns will maintain a cost reimbursement account with the BLM which will be used for monitoring, compliance and all administrative duties associated with this ROW Grant. All costs associated with current or future mitigation measures and/or stipulations are the responsibility of Coso.
4. In case of change of the address, Coso shall immediately notify the authorized officer.
5. Coso shall inform all employees, contractors, and subcontractors of the terms and conditions of this ROW Grant.
6. The Authorized Officer or his/her Agent may suspend or terminate in whole, or in part, any notice to proceed which has been issued whether on public land or lands in which the BLM has jurisdiction responsibility. This cessation may occur when in his/her judgment, unforeseen conditions arise which result in the approved terms and conditions being inadequate to protect the public health and safety or at any time to protect significant resources (e.g. T&E Species, Cultural, etc.). Activities shall resume only upon approval by the Authorized Officer.
7. Any relocation, additional construction, or use that is not in accordance with the approved project description, shall not be initiated without the prior written approval of the Authorized Officer.
8. Coso shall construct, operate, and maintain the facilities, improvements, and structures within this ROW Grant in strict conformance with the conditions approved in Revised EA CA-650-2005-100 and the associated project description within the Revised EA which was approved and made part of this ROW Grant.

9. During construction, Coso will maintain a copy of the complete ROW Grant, including all mitigations, stipulations and approved project descriptions on the ROW area. Noncompliance with this requirement will result in an immediate temporary suspension of activities if it constitutes a threat to public health and safety or the environment. Such suspension will only be lifted when the matter of noncompliance is resolved.
10. Coso shall designate formally in writing a representative(s) who shall have the authority to act upon and to implement instructions from the Authorized Officer or his/her Agent. The representative shall be available for communication with the Authorized Officer within two hours when construction or other surface disturbing activities are underway.
11. Coso shall indemnify the United States against any and all liability, direct or indirect, arising from the occupancy and use of the land associated with the activities herein authorized.
12. Coso shall perform all operations in a manner so as to ensure protection of the environment and the health and safety of the public.
13. Coso shall protect all survey monuments found within the ROW Grant. Survey monuments include, but are not limited to, General Land Office and BLM Cadastral Survey Corners, reference corners, witness points, U.S. Coastal and Geodetic benchmarks and triangulation stations, military control monuments, and recognizable civil (both public and private) survey monuments. In the event of obliteration or disturbance of any of the above, Coso shall immediately report the incident, in writing, to the Authorized Officer and the respective installing authority, if known. Where General Land Office or BLM ROW monuments or references are obliterated during operations, Coso shall secure the services of a registered land surveyor or a BLM cadastral surveyor to restore the disturbed monuments and references using surveying procedures found in the Manual of Surveying Instructions for the Survey of the Public Lands in the United States, latest edition. Coso shall record each such survey in the appropriate county and send a copy to the Authorized Officer. If the BLM cadastral surveyors or other Federal surveyors are used to restore a disturbed survey monument, Coso shall be responsible for the survey cost.
14. Coso shall inform the Authorized Officer within 48 hours of any accidents on federal lands that require reporting to the Department of Transportation as required by 49 CFR Part 195. Coso, and all agents, assigns, employees, contractors or subcontractors engaged in activities authorized under this authorization, shall comply with Title VI of the Civil Rights Act of 1964 (42 USC 2000d et seq.), and the regulations of the Secretary of the Interior issued pursuant thereto.

15. No signs or advertising devices shall be placed on the premises or on adjacent public lands, except those posted by or at the direction of the Authorized Officer.
16. Six months prior to the termination date of the ROW Grant, Coso shall contact the Authorized Officer to arrange a pre-termination conference and joint inspection of the ROW. The conference and inspection will be held to agree to an acceptable termination and rehabilitation plan. This plan shall include, but is not limited to, removal of facilities, drainage structures, or surface material, re-contouring, topsoiling, and seeding. The plan will include specific procedures for erosion control, topsoil salvage, re-vegetation, and maintenance and monitoring requirements. The Authorized Officer must approve the plan in writing prior to the Holder's commencement of any termination activities.

**SURFACE MANAGEMENT/HAZARDOUS/TOXIC MATERIALS:**

1. The Holder shall comply with the Toxic Substances Control Act of 1976, as amended 15 USC 2601, et seq., with regard to any toxic substances that are used, generated by or stored on the public land under this authorization or on facilities herein authorized, in accordance with the provisions of Title 40 CFR 702 through 799, including the provisions addressing polychlorinated biphenyls (PCBs). Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR 117 shall be reported as required by Section 102(b) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) as amended, 42 USC. 2011 et seq. A copy of any report required or requested by any State or Federal Agency as a result of a reportable release or spill of any toxic or hazardous substances shall be furnished to the BLM's Authorized Officer, concurrent with the filing of the reports to the other Federal or State agencies. Coso shall further indemnify the United States against any and all costs and liabilities that may arise from the release of any such toxic or hazardous substances or wastes as a result of the use of public land under this authorization.
2. Coso shall comply with all applicable Federal, State and local laws and regulations, existing or hereafter enacted or promulgated, with regard to any hazardous material, as defined in this paragraph, that will be used, produced, transported or stored on or within the ROW or any of the ROW facilities, or used in the construction, operation, maintenance or termination of the ROW or any of its facilities. "Hazardous material" means any substance, pollutant or contaminant that is listed as hazardous under CERCLA. The term does not include petroleum, including crude oil or any fraction thereof that is not otherwise specifically listed or designated as a hazardous substance under CERCLA section 101(14), USC 9601 (14), nor does the term include natural gas.

3. Construction sites shall be maintained in a sanitary condition at all times. Waste materials shall be disposed of promptly at an appropriate waste disposal site. "Waste" means all discarded matter including, but not limited to, human waste, trash, garbage, refuse, oil drums, petroleum products, ashes, and equipment. Hazardous Waste includes all waste oil contaminated soils and materials, unless testing has shown Resource Conservation and Recovery Act (RCRA) wastes are not present above minimum levels. See the RCRA and the CERCLA and State Regulations for details.
4. Coso agrees to indemnify the United States against any liability arising from the release of any hazardous or toxic substances or hazardous or toxic waste (as defined under RCRA and CERCLA) on the ROW, unless the release or threatened release is wholly unrelated to the ROW Holder's activity on the ROW. This agreement applies without regard to whether a release is caused by Coso, its agent, or unrelated third parties.
5. Use of pesticides shall comply with the applicable Federal and State laws. Pesticides shall be used only in accordance with their registered uses and within limitations imposed by the Secretary of the Interior. Prior to the use of pesticides, Coso shall obtain written approval of a plan showing the type and quantity of material to be used, pest(s) to be controlled, method of application, location of storage and disposal of containers, and any other information deemed necessary by the Authorized Officer. Emergency use of pesticides shall be approved in writing by the Authorized Officer prior to such use.
6. If fueling of any vehicles or equipment is carried out during any time of the construction or long-term operations, a fueling plan must be developed and approved by the BLM prior to those activities.
7. If during any phase of the construction, operation, or termination of the project, any oil or other pollutant should be discharged impacting Federal lands, the control and total removal, disposal, and cleanup of such oil, HAZMAT, or other pollutant, wherever found, shall be the responsibility of Coso, regardless of fault.
8. A litter policing program shall be implemented by Coso, and approved of in writing by the Authorized Officer. The program shall cover all roads and sites associated with the ROW. Coso shall remove all litter from public land under this authorization and properly dispose of it.
9. Coso shall limit excavation to the areas of construction. No borrow areas for fill material will be permitted. All waste material resulting from construction shall be removed from the site for disposal at authorized facilities. All hazardous wastes shall be removed under manifests, copies of which shall be furnished to the Authorized Officer.

## **CULTURAL RESOURCES**

### Effects Assessment

1. Coso shall avoid all archaeological properties located within the Area of Potential Effect (APE) for the pipeline corridor identified in the Revised EA. Monitoring will be conducted by an authorized proficient archeologist (as defined by Secretary of Interior's Standards) and a Native American representative. The Native American representative will be affiliated with either of the tribes identified with the 1979 Memorandum of Agreement between the US Navy Weapons Center and the Ad Hoc Committee (1979 Programmatic MOA). Both the archaeologist and the Native American Monitors shall be present during all construction activities to identify and/or ascertain the significance of any subsurface cultural resources or to aid in the avoidance of sensitive areas.

### Discoveries and Unanticipated Effects

2. Any cultural (historic or prehistoric site or object) or paleontological item discovered by Coso, or any person working on their behalf, during the course of activities for this project, will be identified and reasonable efforts will be made to avoid or minimize harm to the resource until it can be properly managed. The following procedure will be followed in the event of a discovery.
  - a. The project supervisor, site foreman, or area foreman must be notified immediately of the suspected find(s).
  - b. All work will cease within 200 feet of the discovery.
  - c. BLM representatives will be notified immediately.
  - d. A qualified professional archeologist shall be retained to evaluate the potential significance of the find and, if necessary, to implement mitigation measures. All questionable materials, including suspected yet unfamiliar and/or not readily identifiable cultural resources, will be considered significant by the contractor until a qualified archaeologist can observe the finds and make an assessment. If significant cultural resources are present and cannot be avoided, then impacts will be mitigated through data recovery or other means in consultation with BLM, SHPO and appropriate Native American representatives.
  - e. The portion of the excavation in which the discovery was made shall be secured until work is authorized by BLM to resume in that location. Work will not resume in that location until the contractor receives written authorization from BLM.
3. Any cultural resources in association with human remains (native and non-native), funerary items, sacred objects, or objects of cultural patrimony, should be



treated with care and respect at all times. The discovery of any human remains within the project's Area of Potential Effect is subject to criteria set forth by the Native American Graves Protection and Repatriation Act, Title 43 CFR Part 10, as amended, 1999. In the event human remains are discovered, the Holder will:

- a. Immediately stop all excavation work. This work stop must be in a safe manner which will minimize any further disturbance to the remains. All work within the immediate vicinity will remain halted until BLM, after consultation with all the appropriate agencies, professionals and representatives has issued in writing an authorization to resume work near the discovery.
- b. Coso will contact the Inyo County Sheriff/Coroner's Office in accordance with State law, and will contact the BLM.
- c. The Coroner's Office will determine 1) if the remains are human; 2) if the area is a crime scene; and 3) if determined to not be a crime scene, the Sheriff will contact the Native American Native American Heritage Commission in Sacramento, California to send the appropriate tribal representative to the site.
- d. The Native American representative and a professional archeologist will examine the remains and determine if they are native or non-native remains. Based on the recommendations resulting from this examination, the remains may be re-buried near the area of disturbance, removed from the area or handled according to the recommendations provided at that time.
- e. All costs associated with an event of this nature will be borne by Coso.

## **CONSTRUCTION AND DEVELOPMENT**

1. As approved by the Authorized Officer, surfacing shall be designed to accommodate anticipated loading and traffic volumes and shall provide for future maintenance.
2. Coso will provide locations of all staging of all heavy equipment prior to beginning construction. All equipment will be pressure washed prior to arrival on site and trucked to the first staging site.
3. ROW clearing shall be limited to 25 feet on each side of the centerline unless otherwise indicated on Pipeline Engineering Plans.
4. An as-built survey will be provided to the BLM within 60 days of the completion of the pipeline. The as-built survey will emphasize the pipeline width at any point of deviation from the 50 foot wide easement as approved.

5. Suitable topsoil material removed in conjunction with clearing and stripping shall be conserved in stockpiles either within the ROW or at an alternatively approved location. Topsoil shall be stripped to an average depth of 12 inches.
6. No construction or routine maintenance activities shall be performed during periods when the soil is too wet to adequately support construction equipment. If such equipment creates ruts in excess of three (3) inches deep, the soil shall be deemed too wet to adequately support construction equipment.
7. Coso shall permit free and unrestricted public access to and upon the ROW for all lawful purposes except for those specific areas designated as restricted by the Authorized Officer to protect the public, wildlife, livestock, or facilities constructed within the ROW.
8. Construction-related traffic shall be restricted to routes approved by the Authorized Officer. New access roads or cross-country vehicle travel will not be permitted unless prior written approval is given by the Authorized Officer.
9. Authorized roads used by Coso shall be rehabilitated or maintained when construction activities are complete as approved by the Authorized Officer.
10. Coso shall provide for the safety of the public entering the ROW. This includes, but is not limited to, barricades for open trenches, flag persons with communication systems for single-lane roads without turnouts, and attended gates for any blasting operations (if pertinent).
11. All low-water crossings shall be constructed in a manner that will prevent any blockage or restriction of the existing channel. Material removed shall be stockpiled for use in rehabilitation of the crossings.
12. Coso shall construct properly designed and adequate water-control structures in each of the drainage crossings to prevent excessive erosion along the easement and to protect the easement from the natural erosion process within the drainage. Fences, gates, and brace panels shall be reconstructed to appropriate BLM standards and/or specifications as determined by the Authorized Officer.
13. Material encountered on the project and needed for borrow; surfacing, riprap, or other special needs shall be conserved.
14. Coso shall place slope stakes, culvert location and grade stakes, and other construction control stakes as deemed necessary by the Authorized Officer to ensure construction in accordance with the project description. If stakes are disturbed, they shall be replaced before proceeding with construction.
15. Coso shall mark the exterior boundaries of the ROW with a stake and/or lath at 100 foot intervals. The intervals may be varied at the time of staking at the

discretion of the Authorized Officer. The tops of the stakes and/or laths will be painted and the laths flagged in a distinctive color as determined by Coso. The survey station numbers will be marked on the boundary stakes and/or laths at the entrance to and the exit from public land. Coso shall maintain all boundary stakes and/or laths in place until final cleanup and restoration is completed and approved by the Authorized Officer.

16. Coso shall survey and clearly mark the centerline of the ROW.
17. Coso shall re-seed disturbed areas with local native seeds as designated by the Authorized Officer and identified within Revised EA CA-650-2005-086.